



Second-Quarter Fiscal 2016 Earnings Conference Call

April 27, 2016

ASHLAND

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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Ashland has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “objectives,” “may,” “will,” “should,” “plans” and “intends” and the negative of these words or other comparable terminology. These forward-looking statements include statements relating to status of the separation process, the plan to pursue an IPO of up to 20 percent of the common stock of Valvoline and the expected completion of the separation through the subsequent distribution of Valvoline common stock, the expected timing of filing of a registration statement for the registration of common stock of Valvoline in the IPO, the anticipated timing of completion of the planned IPO and subsequent distribution of the remaining Valvoline common stock, and Ashland’s and Valvoline’s expected ratings profiles, capital structures, future financial flexibility and ability to pursue their long-term strategies. In addition, Ashland may from time to time make forward-looking statements in its annual report, quarterly reports and other filings with the Securities and Exchange Commission (SEC), news releases and other written and oral communications. These forward-looking statements are based on Ashland’s expectations and assumptions, as of the date such statements are made, regarding Ashland’s future operating performance and financial condition, including the proposed separation of its specialty chemicals and Valvoline businesses, the proposed IPO of its Valvoline business, the expected timetable for completing the IPO and the separation, the future financial and operating performance of each company, strategic and competitive advantages of each company, the leadership of each company, and future opportunities for each company, as well as the economy and other future events or circumstances. Ashland’s expectations and assumptions include, without limitation, internal forecasts and analyses of current and future market conditions and trends, management plans and strategies, operating efficiencies and economic conditions (such as prices, supply and demand, cost of raw materials, and the ability to recover raw-material cost increases through price increases), and risks and uncertainties associated with the following: the possibility that the proposed IPO or separation will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; the potential for disruption to Ashland’s business in connection with the proposed IPO or separation; the potential that the new Ashland and Valvoline do not realize all of the expected benefits of the proposed IPO or separation or obtain the expected credit ratings following the proposed IPO or separation; Ashland’s substantial indebtedness (including the possibility that such indebtedness and related restrictive covenants may adversely affect Ashland’s future cash flows, results of operations, financial condition and its ability to repay debt); the impact of acquisitions and/or divestitures Ashland has made or may make (including the possibility that Ashland may not realize the anticipated benefits from such transactions); Ashland’s ability to generate sufficient cash to finance its stock repurchase plans; severe weather, natural disasters, and legal proceedings and claims (including environmental and asbestos matters). Various risks and uncertainties may cause actual results to differ materially from those stated, projected or implied by any forward-looking statements, including, without limitation, risks and uncertainties affecting Ashland that are described in its most recent Form 10-K (including Item 1A Risk Factors) filed with the SEC, which is available on Ashland’s website at <http://investor.ashland.com> or on the SEC’s website at <http://www.sec.gov>. Ashland believes its expectations and assumptions are reasonable, but there can be no assurance that the expectations reflected herein will be achieved. Unless legally required, Ashland undertakes no obligation to update any forward-looking statements made in this presentation whether as a result of new information, future events or otherwise. This presentation does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

Regulation G: Adjusted Results

The information presented herein regarding certain unaudited adjusted results does not conform to generally accepted accounting principles in the United States (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. GAAP. Ashland has included this non-GAAP information to assist in understanding the operating performance of the company and its reportable segments. The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information related to previous Ashland filings with the SEC has been reconciled with reported U.S. GAAP results.

Opening Remarks

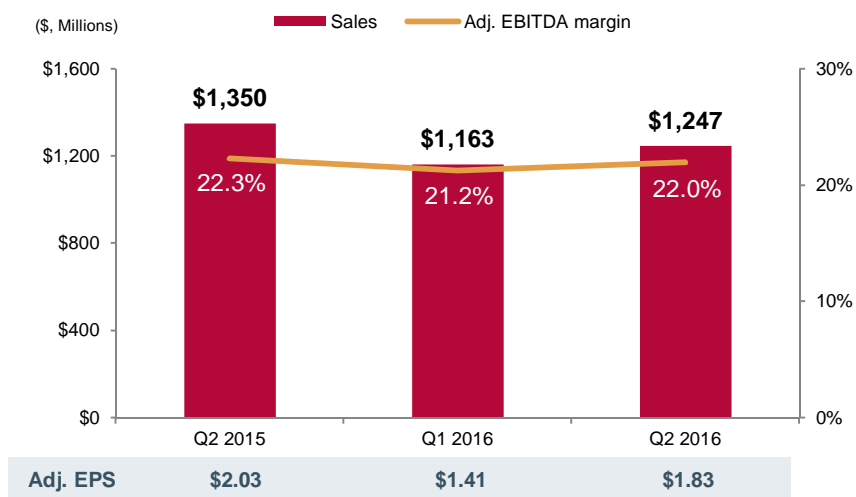


Four Core Priorities in FY 2016

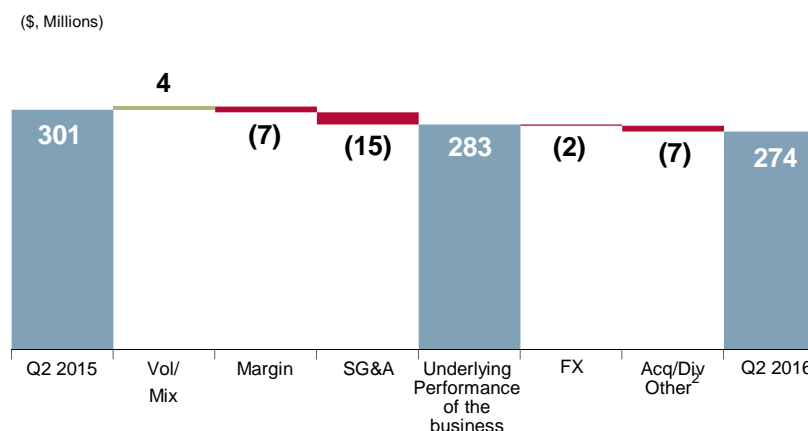
1. Drive operational and strategic gains
2. Improve cash conversion
3. Maintain disciplined capital allocation strategy
4. Create Two Great Companies



Fiscal Second Quarter 2016 Highlights¹



Factors affecting year-over-year EBITDA



- Reported earnings from continuing operations of \$1.38 per diluted share
- Adjusted earnings declined 10% to \$1.83 vs. \$2.03 per diluted share in prior year
- Adjusted EBITDA of \$274 million vs. \$301 million in prior year
 - As expected, headwinds from currency, energy end market and divestitures began to abate and represented an approximate \$7 million headwind
- Completed the \$500 million accelerated share repurchase (ASR) agreement that was announced in November
 - Repurchased a total of ~5 million shares at an average volume-weighted price of ~\$99 per share
 - No current plans to pursue additional share repurchases

¹ Ashland's earnings releases dated April 26, 2016, and January 25, 2016, available on Ashland's website at <http://investor.ashland.com>, reconcile adjusted amounts to amounts reported under GAAP.

² Acquisitions include OCH International, Inc. Divestitures includes biocides, redispersible powders (RDP) and Valvoline car care product lines exited during prior four quarters.



Ashland Specialty Ingredients

\$, Millions

<u>Sales</u>					
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div²</u>	<u>CY</u>
583	-4%	-2%	-1%	-2%	529

<u>EBITDA¹</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Acq/Div /Other²</u>	<u>CY</u>
142	-8%	-1%	1%	-1%	-2%	127

Quarter Summary

- Volume and share gains in higher margin, core growth end markets and products
 - New business wins in coatings
 - Pharmaceutical sales flat (FX-adjusted) relative to a strong prior year
 - Solid quarter for hair-care
- Headwinds from currency, energy, and exited product lines receding
- Developed regions demonstrated improving results as the quarter progressed
- Consumers in emerging markets continue to trade down to lower cost materials while customers show signs of destocking

Q3 Outlook

Sales \$555 - \$575 million

- FX sensitivity: ~\$4.5mm per € cent

Adj. EBITDA slightly ahead of Q3-15

- FX sensitivity: ~\$1.2mm per € cent

Near-term Outlook

- Lapping FX, energy, divestiture headwinds
- Capitalizing on recent business wins
- Offset by slowdowns in emerging regions, primarily China and Brazil

Longer-term Outlook

- Underlying growth in most core growth end markets to remain healthy
- Innovation pipeline strengthening leading to new products for Pharmaceutical, Personal Care and Coatings markets
- Making targeted capital investments focused on high-growth end markets and regions

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² Acq/Div/Other includes biocides and redispersible powders (RDP) product lines.



Ashland Performance Materials

\$, Millions

<u>Sales</u>					
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div²</u>	<u>CY</u>
286	-4%	-10%	-2%	0%	239

<u>EBITDA¹</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Acq/Div /Other²</u>	<u>CY</u>
44	0%	-34%	7%	0%	2%	33

Quarter Summary

- Composites margins remain solid
 - Maintained pricing discipline
 - Continued volume strength in Europe
- Raw-materials remained favorable versus prior year
- Overall margins impacted by both weak BDO volumes and price pressure, as expected
- Softness in industrial markets – notably China and Brazil
- Elastomers no longer included in the PY period

Q3 Outlook

Sales \$235 - \$250 million

Adj. EBITDA margin 12.0 – 13.0%

Near-term Outlook

- Continued composite growth residential construction, especially in Europe
- Less favorable raw material dynamics
- Continued pressure on I&S BDO volumes and pricing

Longer-term Outlook

- Composites growth driven by:
 - Macro trends & regional economic expansion
 - New product and application development
- Continued margin management in volatile raw-material environment
- I&S to remain challenged by Asian capacity

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² Acq/Div/Other no longer includes elastomers divestiture.



Valvoline

\$, Millions

<u>Sales</u>					
<u>PY</u>	<u>Vol/ Mix</u>	<u>Price</u>	<u>FX</u>	<u>Acq/ Div²</u>	<u>CY</u>
481	8%	-6%	-2%	-1%	479

<u>EBITDA¹</u>						
<u>PY</u>	<u>Vol/ Mix</u>	<u>Margin</u>	<u>SG&A</u>	<u>FX</u>	<u>Acq/Div /Other²</u>	<u>CY</u>
106	15%	4%	-10%	-1%	0%	115

Quarter Summary

- Record second quarter overall
- DIY volumes grew 8%
 - Strong seasonal promotions
 - Expanded distribution with key retailers
- Industry leading service model led to another solid quarter for VIOC
 - Oil changes per day increased 6%
 - Same-store sales growth of 10%
 - OCH acquisition closed on February 1st
 - 1,052 locations at quarter end
- 10% international channel volume growth
- US premium branded lubricant sales volume increased to ~45%

Q3 Outlook

Sales \$500 - \$510 million

Adj. EBITDA margin 23.0 – 24.0 %

Near-term Outlook

- Solid performance across all channels
- Margins expected to remain strong driven by good mix and margin

Longer-term Outlook

- Int'l, VIOC, and Installer volume growth
- Base oil market expected to remain favorable
- Margin structure to remain strong driven by:
 - Market segmentation strategies
 - New product development
 - Enhanced marketing capabilities

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² Acq/Div/Other includes OCH International, Inc. acquisition and car care product line divestiture.

Key Observations



1. Remain focused on core priorities in 2016
2. Taking actions to deliver results
3. Remain on track to create two great companies

Great team with a clear strategy and a proven track record of execution



Appendix: Non-GAAP Reconciliations

Reconciliation of Non-GAAP Data

for 12 Months Ended March 31, 2016



(\$ millions, except percentages)

Sales ¹	Q2 16	Q1 16	Q4 15	Q3 15	Total	
Specialty Ingredients	529	476	540	579	2,124	
Performance Materials	239	231	256	278	1,004	
Valvoline	479	456	484	510	1,929	
Total	1,247	1,163	1,280	1,367	5,057	
						Adjusted EBITDA
Adjusted EBITDA ¹	Q2 16	Q1 16	Q4 15	Q3 15	Total	Margin
Specialty Ingredients	127	94	129	137	487	22.9%
Performance Materials	33	37	33	27	130	12.9%
Valvoline	115	101	97	116	429	22.2%
Unallocated	(1)	15	6	10	30	
Total	274	247	265	290	1,076	

¹ Quarterly totals may not sum to actual results due to quarterly rounding conventions. Calculation of adjusted EBITDA for each quarter has been reconciled within certain financial filings with the SEC and posted on Ashland's website for each reportable segment.

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